

Revenue Assurance Common Questions and Answers

- 1. Q: What is Revenue Assurance?**

A: Revenue Assurance (RA) provides coverage to protect against loss of revenue caused by low prices or low yields or a combination of both.
- 2. Q: Where did Revenue Assurance originate?**

A: RA was first proposed by the Iowa Farm Bill Study Team in 1995 as an alternative to the Federal farm programs that were then in place. The idea was further developed by the Iowa Farm Bureau Federation and Farm Bureau Mutual Insurance Company at the request of the Iowa Farm Bureau membership. RA is now owned and administered by American Farm Bureau Insurance Services, Inc.
- 3. Q: What is the objective of Revenue Assurance?**

A: The objective of RA is to provide a flexible and efficient risk management tool to crop producers. RA protects against low revenue - the risk most important to producers. RA recognizes that revenue risk is less than the sum of price and yield risk considered separately. Thus, RA premiums will be less than the combined cost of yield and price insurance. RA recognizes that producers who operate in different locations in a county face lower total yield risk than a producer who farms in only one location. Thus, RA premiums are adjusted as the number of legally defined sections insured under a single policy increases. RA recognizes that producers who plant multiple crops face lower revenue risk than a producer who grows a single crop. Thus, RA premiums are adjusted if producers insure two or more crops as one unit. RA recognizes that some producers forward contract their crop or feed their crop to livestock and others do not. Therefore, RA has an option that increases revenue protection if fall harvest prices are higher than the projected harvest prices. These options allow each individual producer to design an RA policy that meets their particular needs and risk management objectives.
- 4. Q: How are RA revenue guarantees established?**

A: RA revenue guarantees are based on a farmer's expected per-acre revenue, which depends on approved yields (established using standard APH rules), and projected harvest prices. The procedures used to calculate available revenue guarantees vary by the selected unit structure.
- 5. Q: What crops are covered under RA?**

A: See chart below:

State	Feed Barley	Malting Barley	Canola/Rapeseed	Corn	Cotton	Rice	Soybeans	Sunflowers	Spring Wheat	Winter Wheat
Arizona					X					
Arkansas				X	X	X	X			X
Colorado				X			X		X	X
Idaho	X	X	X						X	X
Illinois				X			X			
Indiana				X			X			X
Iowa				X			X		X	X
Kansas				X			X			X
Kentucky				X			X			X
Louisiana					X	X				
Michigan				X			X			X
Minnesota				X			X		X	
Missouri				X			X			X
New Mexico					X					
North Dakota	X		X	X			X	X	X	
Ohio				X			X			X
Oklahoma				X	X		X			X
South Dakota				X			X		X	X
Tennessee				X			X			X

6. Q: What is the projected harvest price?

A: The projected harvest price is the price used to determine the expected per-acre revenue and the per-acre revenue guarantee at the time of sale.

- For canola, the projected harvest price is the simple average of the final daily settlement prices in February for the WCE November canola futures contract divided by 2,205. This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per pound. To convert into U.S. dollars, multiply the price in Canadian dollars per pound by the simple average of the final daily settlement prices in February on the September Canadian dollar futures contract on the CME.
- For corn in all covered states except Arkansas, the projected harvest price is the simple average of the final daily settlement prices in February for the Chicago Board of Trade (CBOT) December corn futures contract. For corn in Arkansas, the projected harvest price is the simple average of the final daily settlement prices for the first ten trading days in February for the CBOT December corn futures contract.
- For cotton in all covered states the projected harvest price is the January 15 to February 14 harvest year's average daily settlement price for the New York Cotton Exchange (NYCE) December cotton futures contract rounded to the nearest whole cent.
- For feed barley, the projected harvest price is the simple average of the final daily settlement prices in February for the Winnipeg Commodity Exchange (WCE) October feed barley futures contract multiplied by 0.02177. This factor converts the WCE price from Canadian dollars per

metric ton to Canadian dollars per bushel. To convert into U.S. dollars multiply the price in Canadian dollars per bushel by the simple average of the final daily settlement prices in February on the September Canadian dollar futures contract on the Chicago Mercantile Exchange (CME).

- For malting barley, the additional price guarantee is based on the price specified under a malting barley contract minus the feed barley projected harvest price, or the premium price for malting barley above a feed barley price based on a futures market price or a future reference price for feed barley, specified in the contract or price agreement, or a variable premium price option that is selected by the grower, or as specified in the actuarial documents. The additional price will not exceed \$1.25 per bushel for Option A or \$2.00 per bushel for Option B.
- For rice in all covered states the projected harvest price is the January harvest year's average daily settlement price per pound for the harvest year's CBOT November rough rice futures contract rounded to the nearest one-tenth (1/10th) of a cent.
- For soybeans in all covered states except Arkansas, the projected harvest price is the simple average of the final daily settlement prices in February for the CBOT November soybean futures contract. For soybeans in Arkansas, the projected harvest price is the simple average of the final daily settlement prices for the first ten trading days in February for the CBOT November soybeans futures contract.
- For sunflowers, the projected harvest price is the simple average of the final daily settlement prices in February for the CBOT October soybean oil futures contract divided by two, then subtract one.
- For spring wheat, the projected harvest price is the simple average of the final daily settlement prices in February for the Minneapolis Grain Exchange (MGE) September hard red spring wheat futures contract. Note that durum wheat can be insured as hard red spring wheat.
- For winter wheat in Idaho, Indiana, Kentucky, Michigan, Ohio and Tennessee, the projected harvest price is the simple average of the final daily settlement prices from August 15 to September 14 for the following year CBOT July soft red winter wheat futures contract. For Arkansas, Colorado, Iowa, Kansas, Missouri, Oklahoma and South Dakota, the projected harvest price is the simple average of the final daily settlement prices from August 15 to September 14 for the following year Kansas City Board of Trade (KCBT) July hard red winter wheat futures contract.

7. Q: What unit structures are available for RA?

A: The unit structures available under RA are basic, optional, enterprise, and whole-farm. The definitions of basic and optional units are identical to those used with the standard MPCI program. An enterprise unit includes all insurable acres of a single RA crop in a county. A whole-farm unit includes all insurable acres of all RA spring crops in a county. Winter wheat cannot be included under a whole farm unit. However, winter wheat can be included under an optional unit, basic unit or enterprise unit.

8. Q: How is a farmer's expected per-acre revenue determined?

A: For basic and optional units, the expected per-acre revenue equals the approved APH yield times the projected harvest price. In the example, there are two corn basic units, one soybean basic unit, and one spring wheat basic unit (each crop is located in two or more sections). The data for the following examples illustrate how the expected per-acre revenue is determined.

Unit Of Crop	APH Yield		Projected Harvest Price		Expected Per-Acre Revenue
Corn unit 1	150	X	\$2.50	=	\$375
Corn unit 2	100	X	\$2.50	=	\$250
Soybean unit	40	X	\$6.50	=	\$260
Wheat unit	30	X	\$3.70	=	\$111

The expected per-acre revenue for an enterprise unit is the weighted average of expected per-acre revenues for each of the optional or basic units in a county. The weighted average depends on the number of acres in each basic or optional unit, adjusted for share. The expected per-acre revenue for a whole-farm unit is the weighted average of the expected per-acre revenue for each optional or basic unit for all insured crops in the county. The weighted average depends on the number of acres in each basic or optional unit, adjusted for share. The following example shows how these weighted averages are calculated.

<u>Expected Per-Acre Revenue</u>						
	Acres	APH Yield	Share	Basic Unit *	Enterprise Unit **	Whole Farm Unit **
Corn unit 1	100	150	0.50	\$375	\$291.67	\$226.17
Corn unit 2	100	100	1.00	\$250	\$291.67	\$226.17
Soybean unit	100	40	0.50	\$260	\$260.00	\$226.17
<u>Wheat unit</u>	<u>100</u>	<u>30</u>	<u>1.00</u>	<u>\$111</u>	<u>\$111.00</u>	<u>\$226.17</u>

* Without share.

** With share.

The expected per-acre revenue for the corn enterprise unit equals \$291.67/acre ($291.67 = (375 \times 100 \times 0.5 + 250 \times 100 \times 1.0) / (100 \times 0.5 + 100 \times 1.0)$). The expected per-acre revenue for the soybean enterprise unit equals \$260/acre, because there is only one soybean unit. The expected per-acre revenue for the wheat enterprise unit is \$111/acre because there is only one wheat unit. The expected per-acre revenue for the whole-farm unit equals \$226.17/acre ($226.17 = (375 \times 100 \times 0.5 + 250 \times 100 \times 1.0 + 260 \times 100 \times 0.5 + 111 \times 100 \times 1.0) / (100 \times 0.5 + 100 \times 1.0 + 100 \times 0.5 + 100 \times 1.0)$).

9. Q: How is the per-acre revenue guarantee calculated?

A: The producer's per-acre revenue guarantee on a basic or optional unit is determined by multiplying the selected coverage level percent by the approved APH yield by the projected harvest price. If the fall harvest price option is selected, the per-acre revenue guarantee equals the coverage level percent, times the approved yield, multiplied by the greater of the projected harvest price or the fall harvest price. On enterprise farm units, the per-acre revenue guarantee is a weighted average and will be the same for all insured acres of the crop in the county. On whole farm units, the per-acre revenue guarantee is a weighted average and will be the same for all insured acres in the county.

10. Q: What is the minimum and maximum coverage levels a producer may select?

A: The minimum coverage level is 65% and the maximum coverage level is 85% (in 5% increments only, e.g. 65%, 70%, 75%, 80%, 85%). For basic and optional units on all covered crops except cotton, 80-85% coverage levels are available only in counties and on crops where MPCl allows 80-85% coverage

levels. For cotton, 80-85% coverage is not allowed on basic and optional units.

11. Q: How are unit revenue guarantees calculated?

A: The unit revenue guarantee for a basic or optional unit equals the per-acre revenue guarantee, multiplied by acres on the unit, multiplied by share. The unit revenue guarantee on an enterprise unit or a whole-farm unit equals the per-acre revenue guarantee times the total number of acres adjusted for share. Using the example presented above in Question 8 with a coverage level of 75%, the unit revenue guarantees for the four basic units are \$14,063, \$18,750, \$9,750, and \$8,325 (expected per-acre revenue times coverage percent, times acres, and times share). The corn enterprise unit revenue guarantee equals \$32,813 ($32,813 = 291.67 * .75 * (100*0.5 + 100*1.0)$). The soybean enterprise unit revenue guarantee equals \$9,750.00. The wheat enterprise unit revenue guarantee equals \$8,325. The whole-farm unit revenue guarantee equals \$50,888.25 ($50,888.25 = (226.17 * .75 * (100*0.5 + 100*1.0 + 100*0.5 + 100*1.0))$).

12. Q: How are unit indemnities calculated?

A: To calculate indemnities, first calculate the expected per-acre revenue as shown in question 8 and unit revenue guarantee as shown in question 11. Then use production to count on each unit, and the fall harvest price for each crop as reported by RMA, to calculate actual revenues. Indemnities are paid when unit revenues are less than unit revenue guarantees. For example suppose the production to count and fall harvest prices from question 8 are as shown below.

Unit Of <u>Crop</u>	<u>Production</u> <u>To Count</u>		<u>Fall</u> <u>Harvest</u> <u>Price</u>		<u>Per-Acre</u> <u>Revenue</u>
Corn unit 1	100	X	\$2.10	=	\$210
Corn unit 2	110	X	\$2.10	=	\$231
Soybean unit	40	X	\$6.70	=	\$268
Wheat unit	30	X	\$3.20	=	\$96

The per-acre revenue for an enterprise unit is the weighted average of per-acre revenues for each of the optional or basic units in a county. As before, the weighted average depends on the number of acres in each basic or optional unit, adjusted for share. The per-acre revenue for a whole-farm unit is the weighted average of the per-acre revenue for each optional or basic unit for all insured crops in the county. The weighted average depends on the number of acres in each basic or optional unit, adjusted for share as shown below.

	<u>Acres</u>	<u>PTC</u>	<u>Share</u>	<u>Basic</u> <u>Unit *</u>	<u>Per-Acre Revenue</u>	
					<u>Enterprise</u> <u>Unit **</u>	<u>Whole Farm</u> <u>Unit **</u>
Corn unit 1	100	100	0.50	\$210	\$224.00	\$188.66
Corn unit 2	100	110	1.00	\$231	\$224.00	\$188.66
Soybean unit	100	40	0.50	\$268	\$268.00	\$188.66
<u>Wheat unit</u>	<u>100</u>	<u>30</u>	<u>1.00</u>	<u>\$ 96</u>	<u>\$ 96.00</u>	<u>\$188.66</u>

* Without share.

** With share.

The per-acre revenue for the corn enterprise unit equals \$224.00/acre ($224 = (210 \times 100 \times 0.5 + 231 \times 100 \times 1.0) / (100 \times 0.5 + 100 \times 1.0)$). The per-acre revenue for the soybean enterprise unit equals \$268/acre and the per-acre revenue for the wheat enterprise unit is \$96/acre. The per-acre revenue for the whole-farm unit equals \$188.66/acre ($188.66 = (210 \times 100 \times 0.5 + 231 \times 100 \times 1.0 + 268 \times 100 \times 0.5 + 96 \times 100 \times 1.0) / (100 \times 0.5 + 100 \times 1.0 + 100 \times 0.5 + 100 \times 1.0)$).

From question 11 above we know the unit revenue guarantee for each unit assuming a 75% coverage level. The unit revenue guarantees for the four basic units are \$14,063, \$18,750, \$9,750, and \$8,325. Actual revenue for each of the units equals \$10,500, \$23,100, \$13,400 and \$9600. The indemnity to be paid on the first unit equals \$3,565 (\$14,065-\$10,500). No indemnities are owed on the other three units. The corn enterprise unit revenue guarantee equals \$32,813. The actual revenue is \$33,600 ($224.00 \times (100 \times 0.5 + 100 \times 1.0)$), and no indemnity is paid. The whole-farm unit revenue guarantee equals \$50,888.25 and the whole farm actual revenue is \$56,400, ($\$188.66 \times (100 \times 0.5 + 100 \times 1.0 + 100 \times 0.5 + 100 \times 1.0)$), therefore no whole farm indemnity is paid.

13. Q: When is the final unit revenue guarantee computed for the insured?

A: Because the expected per-acre revenue for enterprise and whole farm units depends on insured acres rather than estimated acres, the final unit revenue guarantee can only be computed after the insured's acreage report is completed because the weighted average depends on the number of acres in each basic or optional unit within the enterprise or whole farm unit. The preliminary unit revenue guarantee and premium, based on estimated acreage at the sales closing date, can vary from the final unit revenue guarantee and premium based on the completed acreage report data.

14. Q: How are RA indemnities triggered?

A: RA indemnities will be paid if all of the production to count times the fall harvest price is less than the per-acre revenue guarantee times the number of acres.

15. Q: How are harvest revenues measured?

A: Harvest revenue equals all of the production to count (calculated using the same procedures as the APH program) times the fall harvest price.

- For canola, the fall harvest price is the simple average of the final daily settlement prices in September for the WCE November canola futures contract divided by 2,205. This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per pound. To convert into U.S. dollars multiply the price in Canadian dollars per bushel by the simple average of the final daily settlement prices in September on the September Canadian dollar futures contract on the CME.
- For corn, the fall harvest price is the simple average of the final daily settlement prices in November for the Chicago Board of Trade (CBOT) December corn futures contract.
- For cotton the fall harvest price is the simple average of the final daily settlement prices in November for the harvest year's NYCE December cotton futures rounded to the nearest whole cent.
- For feed barley, the fall harvest price is the simple average of the final daily settlement prices in August for the Winnipeg Commodity Exchange (WCE) October feed barley futures contract

multiplied by 0.02177. This factor converts the WCE price from Canadian dollars per metric ton to Canadian dollars per bushel. To convert into U.S. dollars multiply the price in Canadian dollars per bushel by the simple average of the final daily settlement prices in August on the September Canadian dollar futures contract on the Chicago Mercantile Exchange (CME).

- For malting barley, claims are made based on yield and quality losses. No payments are made based on a reduction in the market price of malting barley.
- For rice the fall harvest price is the October harvest year's average daily settlement price per pound for the harvest year's CBOT November rough rice futures contract rounded to the nearest one-tenth (1/10th) of a cent.
- For soybeans, the fall harvest price is the simple average of the final daily settlement prices in October for the CBOT November soybean futures contract.
- For sunflowers, the fall harvest price is the simple average of the final daily settlement prices in September for the CBOT October soybean oil futures contract divided by two, then subtract one.
- For spring wheat, the fall harvest price is the simple average of the final daily settlement prices in August for the Minneapolis Grain Exchange (MGE) September hard red spring wheat futures contract.
- For winter wheat in Idaho, Indiana, Kentucky, Michigan, Ohio and Tennessee, the fall harvest price is the simple average of the final daily settlement prices from July 1 to July 14 for the CBOT July soft red winter wheat futures contract. For Arkansas, Colorado, Iowa, Kansas, Missouri, Oklahoma and South Dakota, the fall harvest price is the simple average of the final daily settlement prices from July 1 to July 14 for the KCBT July hard red winter wheat futures contract.

16. Q: If the fall harvest price option is selected, will the revenue guarantee increase if the fall harvest price is greater than the projected harvest price?

A: Yes. If the producer purchases the RA fall harvest price option, the revenue guarantee will be based on the fall harvest price if the fall harvest price is higher than the projected harvest price. Producers must choose the fall harvest price option by the sales closing date. The option is continuous unless canceled by the crop sales closing date.

17. Q: When is the coverage level percentage selected?

A: The coverage level percentage must be selected by the sales closing date.

18. Q: What are the benefits of the fall harvest price option?

A: The RA **fall harvest price option** is designed to provide additional assurance to those producers who market their crop before harvest. These producers take on the additional risk that harvested bushels will not be sufficient to meet their contractual obligation. Such a production shortfall can have severe consequences if fall harvest prices are greater than projected harvest prices, because the producer will be forced to purchase bushels to meet his obligations at the higher price. The RA harvest price option provides additional coverage when the fall harvest price is greater than the projected harvest price, allowing this type of producer to fulfill contractual obligations from RA indemnities.

The fall harvest price option allows the producer to use the greater of the fall harvest price or the projected harvest price to determine the producer's revenue guarantee. For basic, optional and enterprise units, this option applies to all insurable acres of a crop in the county. For the whole-farm

unit, this option will apply to all insurable acres of the applicable crops in the county.

19. Q: Can optional units be elected under an RA contract?

A: Yes, if the producer has APH data for each optional unit and the optional units are located in legally identifiable sections. A 10% surcharge on the unsubsidized premium for each optional unit will be assessed.

20. Q: Does the RA per-acre revenue guarantee or coverage level vary by unit structure or crop?

A: The per-acre revenue guarantee is a calculated amount of revenue and may vary by unit structure.

1. For basic and optional units the crop per-acre revenue guarantee may vary; however, the coverage level percent will be the same for each crop unit.
2. For an enterprise unit, the per-acre revenue guarantee and coverage level will be the same for all crop acres as identified in the enterprise unit.
3. For the whole farm unit the per-acre revenue guarantee will be the same for all insured acres as identified in the whole-farm unit.

21. Q: How does the volatility of price affect the premium?

A: A variable required to calculate RA premiums is the implicit volatility of prices. It measures the risk of price changes. A preliminary estimate of this value is used in the premium quote software. Therefore, the final premium may vary from the quote based on the final estimate of the volatility value.

22. Q: Will the producer receive a premium adjustment if the producer enrolls all crop acreage in a county under enterprise units?

A: Yes. The size of the adjustment increases with the number of different sections in which the producer's RA crop acreage is located, up to a maximum of 10 or more sections. (In geographic locations where Spanish, French or military surveys exist, and with farm serial numbers, sections are defined as total insured acres divided by 640 acres). The determination of the number of sections will be based on the producer's acreage report.

23. Q: Will the producer receive a premium adjustment if the producer enrolls all RA crop acreage in a county under a whole-farm unit?

A: Yes. There will be a premium discount for a whole-farm unit. The adjustment the producer receives is in addition to the enterprise unit discount. The additional discount for the whole-farm unit depends upon 1) the ratio of insured acres of the crops listed on the acreage report for the unit, 2) coverage level, 3) APH yields, and 4) projected harvest prices. **Note:** The producer must enroll all insurable acres of all RA spring crops to obtain this whole-farm adjustment. If the producer does not have insurable acres of one of these crops in the county then the producer can obtain the whole-farm adjustment on the remaining insurable crops (if there is at least two crops.)

24. Q: Are RA premiums eligible for a government premium subsidy?

A: Yes. The producer premium subsidy is shown in the actuarial document.

25 Q: When is the premium due?

A: Premium for RA is due on the same date as an MPCl policy. The premium billing dates will be contained in the crop special provisions.

26. Q: How do the reporting requirements for RA differ from MPCl?

A: RA uses the same acreage reporting requirements as the MPCl program. The producer must report APH information by the earlier of acreage reporting or forty-five (45) days after the cancellation date. The acreage reporting date is established in the actuarial documents for each county for the current crop year.

27. Q: How is the enterprise and the whole farm unit APH yield established?

- A:**
1. The enterprise unit yield will be established from the APH basic and/or optional unit(s) using a weighted average of the yield(s) for those units having planted acres for the crop year.
 2. The whole farm unit yield will be established for each crop using the procedure outlined above for the enterprise unit.

28. Q: Are written agreements allowed under RA?

A: Yes, for land risks only, not practice and types of crops.

29. Q: Will RA be offered for high risk land?

A: Yes, high risk land can be insured under the RA policy. It is insurable using the high risk map area factors shown in the actuarial documents. If the producer chooses a high risk land exclusion option endorsement, the producer may insure the high risk land under an MPCl policy with the Catastrophic Risk Protection Endorsement (CAT) from the same company. If the producer chooses both an RA and a CAT policy for a crop, the acres insured under each policy will be considered as a separate crop policy. The administrative fee for each policy is applicable. The application for this endorsement must be completed by the sales closing date and submitted to the company not later than twenty (20) days after the sales closing date.

30. Q: Is corn silage an insurable crop under RA?

A: RA policy provisions provide coverage for grain varieties of insured corn acres. Any acreage that is planted to a silage variety is not insurable under the RA policy. If the producer decides later to harvest a grain variety as silage, the crop insurance provider must be notified of the decision before harvest begins.

31. Q: How is production to count determined?

A: Production to count is the measurement (crop unit measurement such as bushels for corn) of the crop

harvested and/or unharvested appraised production from the acreage in the unit.

32. Q: When does RA make indemnity payments for a loss of revenue?

A: If an indemnity payment is due under a Revenue Assurance policy, there are two different scenarios that are to be taken into consideration, if the Fall Harvest Option was chosen or if the Fall Harvest Option was not chosen:

1) Without the Fall Harvest Option:

Indemnity payments will be paid after the production to count has been determined and the Fall Harvest Price has been released. Preliminary indemnity payments may not be made for partial crop losses because the valuation of the production to count could lead to an overpayment situation. The only exception would be a total crop loss (no production to count).

2) With the Fall Harvest Option:

If the Fall Harvest Price is not known at the time a loss is determined, then RA may pay adjusted losses in two segments.

a) First, RA pays an initial indemnity based upon the Projected Harvest Price.

b) Second, once the Fall Harvest Price is known and if it is greater than the Projected Harvest Price, RA recalculates the indemnity payment and pays the additional indemnity due. If the Fall Harvest Price is known at the time a loss is determined, then RA will pay the loss based upon the greater of the Projected Harvest Price or the Fall Harvest Price.

33. Q: Does RA require the insured to have different responsibilities than other products in the event of a loss?

A: Farmers' responsibilities are the same as under standard MPCl coverage with one exception. If the insured's production to count multiplied by the crop fall harvest price is less than the unit revenue guarantee, the insured must give the company notice of an expected loss of revenue not later than 45 days after the date the crop fall harvest price is released.

34. Q: What price is used to calculate the replanting payment?

A: If replanting is authorized and the policy provisions have been met, the crop projected harvest price will be used in calculating the replant payment.

35. Q: How does RA handle prevented planting?

A: The rules governing prevented planting are based on MPCl rules with one exception. Prevented planting payments under MPCl are based on a guaranteed yield level whereas RA payments are based on a per acre revenue guarantee. The applicable RA price used to compute the per-acre revenue guarantee is used to determine the prevented planting payment. If the Fall Harvest Price Option is chosen, and preliminary prevented planting payments are made before the Fall Harvest Price is released, payments may need to be recalculated following release of the Fall Harvest Price. RA provides on certain crops, a 60% prevented planting guarantee with an option to purchase 65% or 70%.

36. Q: How does prevented planting coverage work under RA if a producer selects a whole-farm unit?

A: An example will best illustrate how prevented planting coverage works under a whole-farm unit. Suppose a producer has two 500-acre basic units. One of the units is to be planted to corn and one

to soybeans and the producer purchases a whole-farm unit for the 1000 acres. Now suppose a producer is prevented from planting corn by the final planting date. The producer may proceed in several ways depending upon weather conditions, availability of seed, etc.

Option 1 - The producer may plant corn after the final planting date and take a reduction in the per-acre revenue guarantee of 1% per day up to, but not exceeding 25 days for a 25% reduction to the per-acre revenue guarantee. A prevented planting payment would not be allowed.

Option 2 - The producer may plant soybeans on the intended corn acres but there would be no prevented planting payment. If soybeans are planted in all of the 1000 crop acres the producer would not receive the whole-farm unit discount but may qualify for an enterprise unit discount if the acres are located in additional sections (in geographic locations where Spanish, French, or military surveys exist, sections are defined as total insured acres divided by 640 acres).

Option 3 - The producer may choose not to plant any corn.

- a. If the producer chooses the prevented planting payment that is included in the policy the producer would receive 60% of the per-acre revenue guarantee as a prevented planting payment on the 500 acres that was prevented from being planted to corn.
- b. If the producer chooses a buy-up prevented planting payment option of 65% or 70% of the per-acre revenue guarantee, the producer would receive a prevented planting payment based on the selected buy-up.
- c. To receive any prevented planting payment, the ground must remain black or planted to an approved cover crop.
- d. To qualify for a prevented planting payment the producer must meet the qualifications as outlined in the RA policy provisions. Once the qualifications have been met payment will be made regardless of what any planted acreage produces.

37. Q: Is an RA application required for each county?

A: Yes. An application must be submitted for each county or all counties may be insured on one application if so designated.

38. Q: Does RA require an acreage report?

A: Yes. An acreage report similar to that required for MPCl is required for the premium and per-acre revenue guarantee to be determined.

39. Q: Is RA a continuous policy?

A: Yes. The RA policy is a continuous policy and provides coverage for succeeding years unless canceled by the insured or the insurance provider at a time specified in the crop provisions.

40. Q: What is the latest sales closing date for which an insured may make an application for RA?

A: The latest date to submit an RA application is the sales closing date (March 15th of the current crop

year for spring crops (February 28 for corn and soybeans in Arkansas, cotton in Arizona, Arkansas, and Louisiana, and rice in Arkansas and Louisiana) and September 30 for winter crops.

41. Q: Is Durum wheat insured under RA?

A: Yes. However, the price per bushel guarantee for durum is the same as the price per bushel guarantee for hard red spring wheat.

42. Q: Is malting barley insured under RA?

A: A malting barley price and quality endorsement is available for purchase as an option in Idaho. This endorsement multiplies the additional contract price or price in the actuarial documents, if applicable, by the approved yield of malting barley varieties and allows producers to buy additional coverage to protect against yield and quality losses. The endorsement does not cover against declines in the market price of malting barley.

43. Q: Can malting barley qualify for an enterprise unit discount?

A: No. The RA malting barley endorsement treats all acreage in a county planted to approved malting barley varieties as one basic unit. However, the insured may qualify for an enterprise unit discount on the premium charged for the underlying RA feed barley policy if enterprise unit coverage is selected.

44. Q: Can I include malting barley in a whole-farm unit?

A: No. However, spring-planted feed barley can be included in a whole-farm unit if whole-farm coverage is selected.

45. Q: Can winter wheat be included in a whole farm unit?

A: No. Only spring crops can be enrolled in a whole farm unit.

46. Q: Can the producer obtain late planting coverage on winter wheat?

A: A late planting period is not applicable to fall-planted wheat. Any winter wheat that is planted after the fall final planting date in counties for which the Special Provisions also contain a final planting date for spring wheat will not be insured. Any winter wheat that is planted after the fall final planting date in counties for which the Special Provisions contain only a fall final planting date will not be insured unless the producer was prevented from planting the winter wheat by the fall final planting date. Such acreage will be insurable, and the revenue guarantee and premium for the acreage will be determined in accordance with sections 17(b) and (c) of the Basic Provisions.

47. Q: Can the producer put more production in a storage structure than is harvested from the unit without notifying the insurance provider?

A: The producer should notify the insurance provider of a potential loss and get a release prior to adding production from another unit to the storage structure because after the fall harvest price is released there may be a revenue loss even though there is not a production loss. The Basic Provisions state the insurance provider must be able to verify production from each optional unit until loss adjustment is completed.

48. Q: What unit structures are available for RA for wheat?

A: All spring crops, including spring wheat, are eligible for optional, basic, enterprise or whole farm units if other qualifications are met. Winter wheat may be insured under either a basic, optional, or enterprise unit if all qualifications are met but cannot be insured under a whole farm unit. However, if a whole farm unit includes spring wheat and the producer elects and qualifies for either a basic or optional unit on the winter wheat, the producer's coverage level for the whole farm unit will be limited to the coverage level the producer elected for basic and optional units.